

CASE STUDY: PIZZA HUT

RUTLAND
PARTNERS

The story so far

Pizza Hut Restaurants has operated in the UK for over 40 years, opening its first restaurant in 1973. It now has nearly 270 restaurants across the UK employing more than 8,000 people.

A scale opportunity

Rutland Partners invested in Pizza Hut Restaurants in 2012 supporting the management team, led by Jens Hofma, which aspired to buy the UK franchise from Yum Brands! and turnaround the dine-in restaurants business. The team had spent the previous two years stabilising the business and testing new concepts but lacked the investment needed to implement their strategy.

Rutland was impressed by the scale of the opportunity and the passion shown to rejuvenate the brand. The Pizza Hut Restaurants team had huge ambition for the business through highly detailed operational transformation plans as well as separation from its sister Pizza Hut Delivery business and the establishment of an independent supply chain. They took bold decisions and implemented a fundamental repositioning of the business.

Significant investment

With significant investment from Rutland, the business has undergone the biggest transformation and turnaround programme in the history of UK hospitality. The refurbishment of the entire restaurant estate has included the introduction of bars in certain flagship Huts for the first time as well as a completely new menu with contemporary and exciting food such as fries, ribs, Jalapeno poppers and frickles (fried pickles).

Complemented by the menu and food innovation, the external and internal reimagining has returned the brand to its American heritage and has stretched its appeal to a younger generation. With much of the estate re-imaged the business has restored sales growth, raised average spend levels and developed different day part mix. The result is a business turned from loss making to one now making over £20m EBITDA and which, in turn, has created many new jobs up and down the country, with flagship Huts having seen particularly strong sales growth.

Investment in people

The Pizza Hut Restaurant management team believes that people are truly at the heart of their business and so, underpinning the entire refurbishment Rutland has supported significant investment in training, service and team culture, establishing the customer experience as the hall mark for the brand. Inclusive of both employees and guests the management team has actively created a working environment that engages employees and builds a culture and mindset that their teams believe in and promotes the two simple behaviours: "The Best of Me" and "The Best of Us".

At the heart of this extensive employee engagement programme is Pizza Hut Restaurant's internal social media platform, Yammer, which hosts 'Hut TV' and 'School of Life', which are a combination of learning and engagement that uses employees as actors and presenters to demonstrate, teach and explain how things work to the rest of the business.

Yammer allows genuine two-way communication across the business and any team member can share ideas and thoughts on how the business is run. By linking the company culture to Pizza Hut Restaurant's communication and social media, people are talking about it and talking about it is making people live it, and living it has changed the business.

A hands-on approach

Throughout its investment, Rutland has taken a hands-on, supportive role to assist Pizza Hut in becoming the leading casual dining restaurant chain in the UK.

Providing ongoing advice to generate culture change from a corporate division to an owner manager bottom-line mindset, Rutland has bolstered the executive management team with the addition of an experienced PE Financial Director and the introduction of a restaurant sector specialist non-executive Chairman with experience of franchising, while encouraging and supporting the team to move away from sales vanity in withdrawing broad marketing and discounting and allowing unprofitable sales to fall away.

During the course of the brand reimagining Rutland has provided strategic support during the evolution of the concept development, through the reshaping of the rollout plan to push the boundaries of each site to their fullest extent and the setting of criteria for site prioritisation. In addition, operation support was provided to use external experts for key projects including the restaurant re-concepting, analysis and refinement of the roll-out plan, menu cognitive pricing, programme management and procurement.

Catalyst for Change

"pizza hut restaurants reflects the type of complex acquisition and extensive operational improvement that rutland are renowned for, particularly in the re-energising and rebuilding of a strong brand with loyal customers but which had become tired and under invested under previous ownership."